



Credit Union Department

* * NEWSLETTER * *

No. 6-02

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Notice of Commission Meeting

The Credit Union Commission will meet on Friday, July 19, 2002, at 10:00 a.m. in Austin at the offices of the Credit Union Department. A copy of the agenda is attached.

Detecting Terrorist Financing

The Financial Action Task Force (FATF) has recently issued its "Guidance for Financial Institutions in Detecting Terrorist Financing". The goal of the guidance is to help ensure that financial institutions do not unwittingly hide or move terrorist funds. Credit unions, like all financial institutions, are in a position to detect suspicious transactions that, if reported, may later prove to be related to terrorist financing. FATF indicates that identifying terrorist financing activity is unlikely, absent dealings with known terrorists or terrorist organizations. As a result, credit unions should focus on ascertaining whether transactions are unusual, suspicious, or otherwise indicative of criminal or terrorist activity. The guidance describes the general characteristics of terrorist financing, provides cases studies, and provides a list of the characteristics of financial transactions that have been linked to terrorist activity. The guidance is available at <http://www1.oecd.org/fatf>. Also available on that Web site is the February 1, 2002 "Report of Money Laundering Typologies for 2001-2002", a report on the methods and trends of money laundering and terrorist financing.

Risk Management Controls

The importance of strong risk management controls over investing activities has rarely been more important than it is today. Given the long-term risks to earnings and capital from investment decisions made now, credit unions should not make strategic and policy changes to permit more aggressive risk profiles (e.g., purchasing investments at the lower end of the permissible credit quality spectrum or extending maturities) without careful consideration of their risk management capabilities. The Board of Directors should review the credit union's risk management disciplines (policies, guidelines, reporting procedures, etc.) governing their investment activities and make enhancements as needed. It is understandably difficult to reinvest cash flows from higher yielding assets at today's low yields. However, for many credit unions it may be more prudent to accept somewhat lower than expected earnings for the near term in order to increase the likelihood of more favorable earnings for the long term. Credit unions should focus on long-term performance.

Applications Approved

Applications approved since May 31, 2002 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Changes Approved:	
Associated Credit Union (Deer Park)	See Newsletter No. 05-02
Houston Energy Credit Union (2 applications)(Houston)	See Newsletter No. 05-02
Kraft America Credit Union (Garland)	See Newsletter No. 05-02
MemberSource Credit Union (Houston)	See Newsletter No. 05-02
Articles of Incorporation Change(s) Approved:	
Brazos County Federal Employees Credit Union (College Station)	See Newsletter No. 05-02
Southeast Affiliated Federal Employees Credit Union (Beaumont)	See Newsletter No. 05-02

Applications Received

The following applications were received and published in the June 28, 2002 issue of the *Texas Register*:

Field of Membership Expansion(s):

GPS Community Credit Union (Galena Park) – To permit persons who live, work, or attend school in the North Channel Area, excluding persons primarily eligible for membership in an occupation or association based credit union as of the date of this amendment (June 6, 2002) having an office within this area, to be eligible for membership in the credit union.

Employees Credit Union (Dallas) – To permit persons who live, work or attend school in Kaufman County, Texas, to be eligible for membership in the credit union.

Government Employees Credit Union of El Paso (El Paso) – To remove the exclusionary language protecting the field of membership of certain occupational-based credit unions having offices within El Paso County.

Keystone Credit Union (Tyler) – To permit persons who live or work within a 10-mile radius of the following locations: 11877 CR 492, Tyler, Texas and 1550 Rice Road, Tyler, Texas, to be eligible for membership in the credit union.

Medical Community Credit Union (Odessa) – To permit persons who live, work or attend school in the following counties: Gaines, Pecos, Reeves, Crane, Upton, Martin and Glasscock County, Texas, to be eligible for membership in the credit union.

MemberSource Credit Union (Houston) – To permit employees of Caminus (formerly Altra Technologies) who work in or are paid from New York, New York, to be eligible for membership in the credit union.

Applications Received (Continued):

MemberSource Credit Union (Houston) – To permit employees of CW Rod Tool Company who work in or are paid or supervised from Houston, Texas, to be eligible for membership in the credit union.

Midwestern State University Credit Union (Wichita Falls) – To permit all full-time administration, faculty, classified, and at-will employees of Vernon College (including all branches), to be eligible for membership in the credit union.

NCE Credit Union (Corpus Christi) – To permit employees of the Nueces County Drainage and Conservation District #2, to be eligible for membership in the credit union.

NCE Credit Union (Corpus Christi) – To permit employees of the Nueces County Water Control District #3, to be eligible for membership in the credit union.

Neighborhood Credit Union (Dallas) – To remove exclusionary language protecting the field of membership of certain occupational based credit unions having offices in the City of Arlington, Texas.

Texas Bay Area Credit Union (Pasadena) – To permit persons who live or work within the City of Pasadena, City of Deer Park, and the City of La Porte, Texas, to be eligible for membership in the credit union.

Texas Bay Area Credit Union (Pasadena) – To permit persons who live or work within an area bounded by Lake Houston on the north, US Hwy 59 and I-610 on the West, San Jacinto River on the east, and the Houston Ship Channel on the south in Harris County, Texas, to be eligible for membership in the credit union.

Premier Credit Union (Chatsworth, California) – To permit employees, annuitants, and their family members of Baker Hughes Business Support Services, Houston, Texas, to be eligible for membership in the credit union.

Star One Credit Union (Sunnyvale, California) – To permit employees of Hire.com who work at or are paid from or supervised from or headquartered in Austin, Texas, to be eligible for membership in the credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Credit unions that wish to comment on any application must also complete a Notice of Protest form. The form may be obtained by contacting the Department at (512) 837-9236 or downloading the form at the <http://www.TCUD/Applications.html>. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

Articles of Incorporation Change(s):

Tarrant County Employees Credit Union (Fort Worth) - The credit union is proposing to change its name to Tarrant County Credit Union.

Applications Received (Continued):

Merger(s) or Consolidation(s):

An application was received from **Texaco Houston Credit Union** (Houston) seeking approval to merge with **ChevronTexaco Federal Credit Union** (Oakland, CA) with the latter being the surviving credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

Mid-Year Call Reports

The Mid-year Call Reports were mailed to all credit unions on **June 19, 2002**. If you have not received a copy of the program and data diskettes, please call **Isabel Velasquez at (512) 837-9236**. The call report diskettes must be received in the Department's office no later than the close of business on **July 22, 2002**. If your credit union experiences problems in meeting this deadline, we urge you to please call Mrs. Velasquez as soon as possible so that timely assistance may be provided.

Publishing Notice of Applications in the Texas Register

(www.sos.state.tx.us)

In order to meet the submission deadlines for the applicable issues of the Texas Register, it is necessary for the Department to establish the following schedule. Completed applications received after the deadline for the month cannot be published until the following month.

<u>For an Application To be Published</u>	<u>Deadline for Receipt of An Application</u>	<u>Comment Period Will Conclude on</u>
July 2002	Friday, July 12	August 30
August 2002	Friday, August 16	September 30
September 2002	Friday, September 13	October 30
October 2002	Friday, October 11	November 30

Holiday Schedule for TCUD

The Department's office will be closed on **July 4, 2002**, in observance of Independence Day.



